

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 EB-11 COME-00 NSC-10 NSCE-00 CIAE-00

INR-10 NSAE-00 RSC-01 PRS-01 DRC-01 /049 W

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FM USLO PEKING

TO SECSTATE WASHDC 869

INFO AMCONSUL HONG KONG

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E.O. 11652: N/A

TAGS: ETRD, CH

SUBJ: BUCYRUS ERIE TO SELL MINING EQUIPMENT TO PRC

REF: STATE 174658

1. AFTER FIVE WEEKS OF NEGOTIATIONS, BUCYRUS ERIE (BE) AND THE CHINA NATIONAL MACHINERY IMPORT AND EXPORT CORPORATION (MACHIMPEX) SIGNED A PRELIMINARY PURCHASE AGREEMENT IN PEKING ON OCTOBER 19 FOR THE SALE OF DOLS 15 MILLION OF BE MINING MACHINERY TO THE PRC. MAJOR ITEMS INVOLVED ARE SEVEN LARGE ELECTRIC SHOVELS AND TWENTY-FIVE LARGE ROTARY BLASTING DRILLS. ALL EQUIPMENT IS FOR DELIVERY IN 1974. MACHIMPEX WOULD LIKE TO PURCHASE FIVE MORE DRILLS WORTH ABOUT DOLS 5 MILLION FOR 1975 DELIVERY, BUT BE IS PRESENTLY DISSATISFIED WITH THE PRICE MACHIMPEX IS OFFERING FOR THE ADDITIONAL MACHINES.

2. THE DEAL PROVIDES FOR TRAVEL BY CHINESE TECHNICIANS TO MILWAUKEE FOR TRAINING AT BE'S HOME PLANT AND BY BE TECHNICAL PERSONNEL TO CHINA TO HELP INSTALL AND ADVISE ON INITIAL OPERATION OF THE MACHINES.

3. SIGNING OF A FINAL CONTRACT WILL NOT COME FOR ABOUT ANOTHER MONTH, AFTER FURTHER DISCUSSIONS BETWEEN BE LAWYERS AND TECHNICAL ADVISORS AND MACHIMPEX. HOWEVER,

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SO FAR AS BE INTERNATIONAL SALES DIRCTOR JOHN WESTERMAN

(REFTEL) IS CONCERNED, THE DEAL HAS BEEN DONE AND HE IS RETURNING HOME. AS USUAL, WESTERMAN FOUND THE CHINESE THE "TOUGHEST NEGOTIATORS I'VE EVER SEEN." THE CHINESE SIDE INCLUDED ABOUT TEN MEN FROM THE ANSHAN IRON AND STEEL WORKS, WHERE SOME, BUT NOT ALL, OF THE EQUIPMENT WILL BE USED.

4. ABOVE INFORMATION IS COMMERCIAL SENSITIVE AND SHOULD BE CLOSELY HELD.

BRUCE

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Message Attributes

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